
Roche

Acquisition of InterMune:
Building on leadership in immunology

IR conference call, 25 August 2014

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Roche to launch a tender offer to acquire InterMune following definitive merger agreement

- Roche and InterMune, Inc. ("InterMune") announce they have entered into a definitive merger agreement that has been approved by the boards of both companies. Roche will fully acquire InterMune at a price of USD 74.00 per share in an all-cash transaction, equivalent to a total transaction value of USD 8.3bn
- Offer represents a premium to InterMune shareholders of 63% to InterMune's unaffected closing price on August 12, 2014 of USD 45.49
- Financing is not a condition to the offer. Roche will finance this transaction by a combination of available funds, commercial paper lines and newly issued bonds

- Financial impact expected to be neutral to Core EPS in 2015 and accretive from 2016
- Roche Core EPS guidance for 2014 remains unchanged
- No material impact expected from the transaction in 2014

InterMune overview

Strategic rationale

Transaction summary

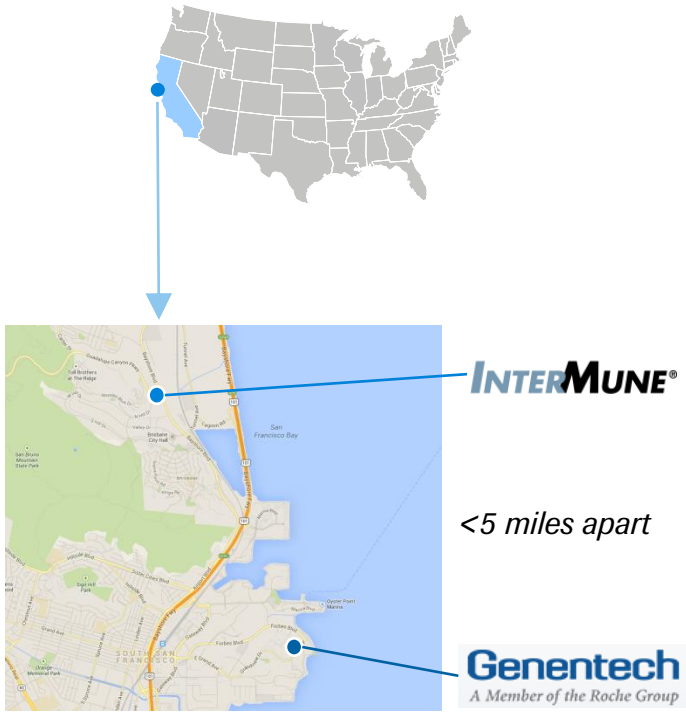
InterMune snapshot

Leader in idiopathic pulmonary fibrosis (IPF)

Company facts

- Founded 1998 in Brisbane, California
- Focused on pulmonology and fibrotic diseases
- ~450 employees worldwide
- Lead commercial product, Esbriet (pirfenidone), is first-in-class treatment for IPF

InterMune HQ: Brisbane, CA (SSF)



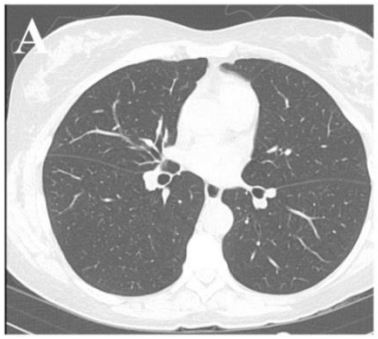
Idiopathic Pulmonary Fibrosis (IPF)

Progressive disease with 2-3 year median survival, high unmet need

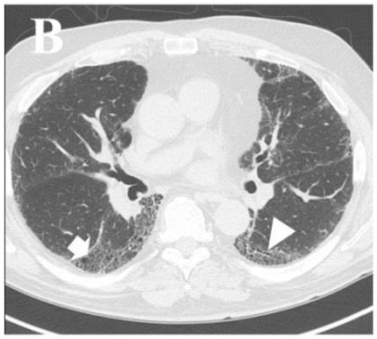
IPF overview

A chronic and fatal disease characterized by a progressive decline in lung function

Normal lungs[1]



IPF lungs[1]



Patients with IPF have:

- Median survival of 2-3 years[2]
- Difficulties breathing and walking
- Require close monitoring, oxygen, ventilation

IPF prevalence[3]

Reported epidemiology of IPF varies significantly because studies have used different diagnostic criteria

- **US**: prevalence estimated between 14-63 cases per 100,000 population with incidence between 7-17 cases per 100,000
- **Europe**: prevalence estimated between 1-23 cases per 100,000 with incidence of 0.2-7 cases per 100,000

Before Esbriet, there were no approved treatments for IPF patients

[1] Roman et al 2013; [2] Raghu et al 2011; [3] Nalysnyk et al 2012;

Esbriet®: Launch history and key milestones
Only approved treatment for IPF

Esbriet launch and study history

- Initial ph3 study in Japan was positive and led to approval in 2008
- CAPACITY ph3 program (two similar trials):
  - One met the primary lung function endpoint, one did not
  - Mixed effects on secondary endpoints were seen in both studies
  - Pooled analysis showed a positive benefit on lung function
- Led to approval in Europe in 2011 and Canada in 2012
- FDA requested an additional study – the ASCEND trial

Esbriet

InterMune has global rights excluding Japan, Korea & Taiwan

Key recent milestones

- May 18, 2014: Positive ASCEND results were published in NEJM*
- May 23, 2014: NDA* resubmitted
- July 17, 2014: FDA breakthrough therapy designation granted
- Nov 23, 2014: PDUFA* date

Sources: Tanaguchi et al 2010, Noble et al 2011, King et al 2014
Notes: In Japan sold by Shionogi under the trade name Pirespa®
* NEJM = New England Journal of Medicine; PDUFA = Prescription Drug User Fee Act; NDA = New Drug Application

ASCEND Results

Phase 3 trial of pirfenidone in IPF

Primary and key secondary endpoint results

Primary endpoint

- Treatment with pirfenidone led to a 47.9% reduction versus placebo in the proportion of patients who had a ≥10% decline in forced vital capacity (FVC) or death

Key secondary endpoints

- Fewer patients in the pirfenidone group (25.9%) experienced a decrease of 50m or more in 6 minute walk distance than in the placebo group (35.7%)
- Reduced risk of death or disease progression by 43%

Safety

- Gastrointestinal and skin adverse events ("AEs") were the most common AEs with a higher incidence in the pirfenidone group. They were generally mild to moderate in severity
- Fewer serious AEs occurred in the pirfenidone group (19.8%) than in the placebo group (24.9%)
- More patients discontinued treatment due to an AE in the pirfenidone group (14.4%) than in the placebo group (10.8%)

Pooled analysis of the CAPACITY and ASCEND studies at 52 weeks showed pirfenidone reduced the risk of all cause mortality by 48% versus placebo (p = 0.01)

Source: King et al 2014

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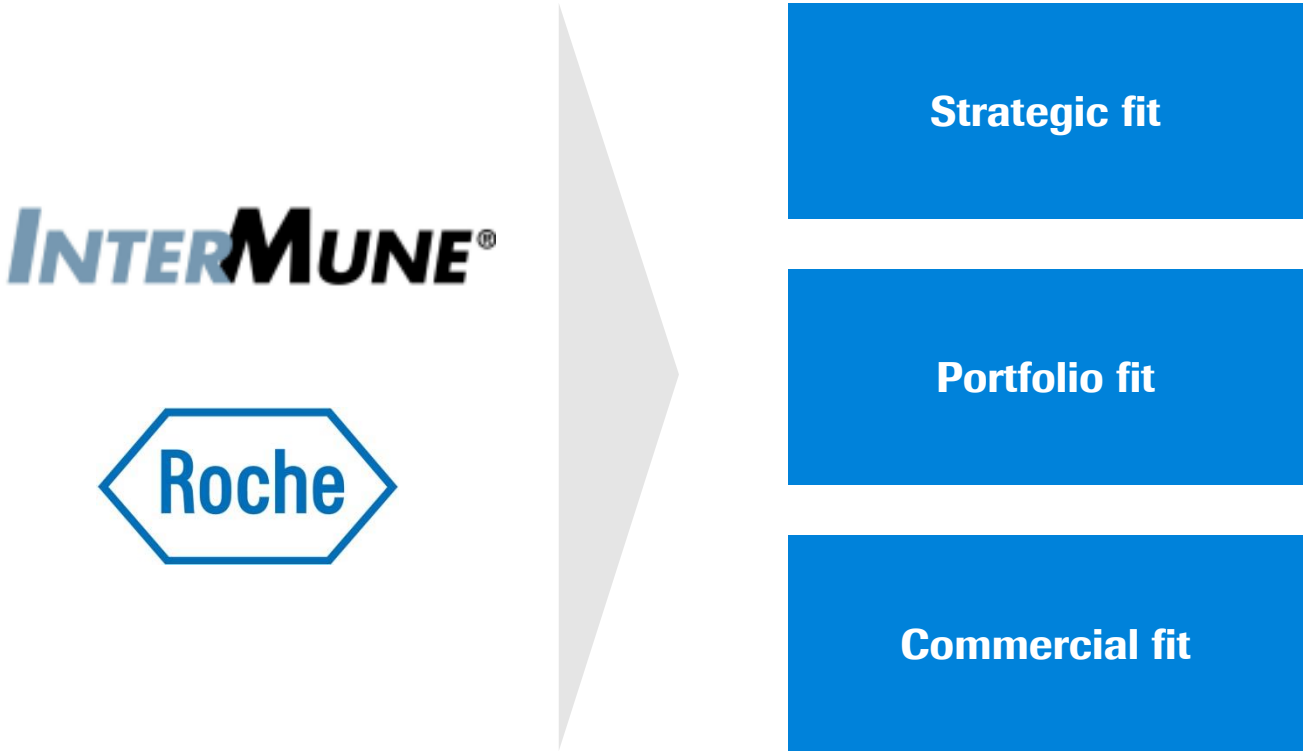
Deal rationale



Strategic fit

Focus on innovation & medical differentiation

- InterMune focused on highly differentiated medicines in pulmonology & fibrotic diseases
- Strong alignment of corporate culture and values

Existing relationship

- Co-development of InterMune's hepatitis C virus protease inhibitor program since 2006

  (Roche assumed sole ownership of danoprevir in 2010)

Geographic proximity

- Both InterMune's global HQ and Genentech situated in the Bay area
- InterMune's European HQ near Basel

Portfolio fit

Complementary product to strengthen respiratory portfolio

	Oncology	*Immunology/ Ophthalmology*	*Neuroscience*
Launched	Avastin		
	MabThera		
	Herceptin		
	Xeloda		
	Tarceva	Esbriet (EU & Canada)	
	Zelboraf	Pulmozyme	
	Erivedge	Xolair	
	Perjeta	Actemra	
	Kadcyla	Lucentis	
	Gazyva	Mabthera RA	
Phase III	pictilisib[2]	Pirfenidone (US) *under regulatory review*	
	taselisib[2]		
	anti-PDL1	lebrikizumab	
	BCL2i	etrolizumab[1]	ocrelizumab
	cobimetinib (MEKi)	lampalizumab[2]	gantenerumab
Phase II	12 phase II	1 phase II	7 phase II

= Respiratory portfolio highlighted

[1] FPI in 1H 2014; [2] Phase III decision pending

Commercial fit
Compelling commercial opportunity

Leverage Genentech US expertise to support launch

- Effective targeting of pulmonologists, leveraging existing relationships from Xolair and Pulmozyme
- Leverage Genentech's leading patient support models and physician access and reimbursement expertise in the US

Expand global reach

- Opportunity to leverage Roche global commercial and access infrastructure ex US

Strengthen respiratory portfolio

- Build on launched portfolio and improve footprint as pipeline advances

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Summary

Strategic rationale	• Strategy: innovation, culture, previous co-development, proximity • Portfolio: shared focus, strengthens respiratory portfolio • Commercial: leverage Roche's US expertise and global reach
Timing	• Tender offer to be launched no later than 29 August 2014 • Closing expected in 2014
Financing	• Financing not a condition to the offer • Transaction to be financed via a combination of available funds, commercial paper lines and newly issued bonds • Favorable terms based on strong credit rating
Impact on outlook	• Financial impact expected to be neutral to Core EPS in 2015 & accretive from 2016 • Roche Core EPS guidance for 2014 remains unchanged • No material impact expected from the transaction in 2014

Doing now what patients need next